

**418 - PROVIDER AND AFFILIATE ADVANCE REQUEST**

EFFECTIVE DATE: 10/01/08, 10/01/12, 10/01/13

REVISION DATE: 01/31/08, 05/01/12, 08/15/13

STAFF RESPONSIBLE FOR POLICY: DHCM OPERATIONS

I. PURPOSE

This policy applies to Acute Care, ALTCS/EPD, CRS, DES/CMDP (CMDP), and DES/DDD (DDD) Contractors. The policy establishes the procedure for Contractor approval or notification to AHCCCS of provider and affiliate advances and loans; including advances and loans involving another fund or line of business within the Contractor's organization.

II. Definitions**ADVANCE**

Includes but is not limited to payment to a provider by a Contractor which is based on an estimate of Received But Unpaid Claims (RBUCS), an estimate of the value of erroneous claim denials (including underpayments), a loan, or as otherwise defined by the Contractor.

AFFILIATE (RELATED PARTY) TRANSACTIONS

Transactions with a party that has, or may have, the ability to control or significantly influence a Contractor, or a party that is, or may be, controlled or significantly influenced by the Contractor. Control, for purposes of this definition, means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of an enterprise through ownership, by contract, or otherwise. "Related parties" or "Affiliates" include, but are not limited to, agents, managing employees, persons with an ownership or controlling interest in the disclosing entity, and their immediate families, subcontractors, wholly-owned subsidiaries or suppliers, parent companies, sister companies, holding companies, and other entities controlled or managed by any such entities or persons.

DAY

Calendar day unless otherwise specified.

**PROVIDER**

Any person or entity that contracts with AHCCCS or a Contractor for the provision of covered services to members according to the provisions of A.R.S. §36-2901 or any subcontractor of a provider delivering services pursuant to A.R.S. §36-2901. For the purposes of this policy, a provider shall be further defined as all individuals associated by the same Tax Identification Number, utilized for claiming purposes.

III. POLICY**A. INDIVIDUAL AND CUMULATIVE PROVIDER ADVANCES**

The Contractor shall submit a written request for approval to the designated AHCCCS Operations and Compliance Officer for any individual or cumulative advances equal to or in excess of \$50,000 per provider Tax Identification Number (TIN) within a contract year. Approval must be requested at least 10 days prior to disbursement of the funds. In extenuating circumstances, AHCCCS may waive the 10 day notification requirement. All requests for approval must be in the format detailed below:

1. A detailed letter of explanation must be submitted that describes:
 - a. The provider(s) name(s) and AHCCCS Identification Number(s);
 - b. The date the provider and Contractor initiated discussions relating to the need for the advance;
 - c. The systemic organizational causes resulting in the need for an advance;
 - d. The process that will be utilized to reconcile the funds against claims payments;
 - e. The anticipated timeline for the project;
 - f. The corrective action(s) that will be implemented to avoid future occurrences; and,
 - g. The total advance amount, and if applicable, the percentage that the advance amount is of total estimated amount that should have been paid, and range of dates (month/year) for the impacted claims.
2. A copy of the written communication that will serve as notification to the affected provider(s).
3. Upon completion of the advance(s), AHCCCS may request that the Contractor make available within three working days a listing of the payments to be advanced, organized by provider Tax Identification Number if multiple providers are affected, that includes the following:
 - a. AHCCCS Member ID
 - b. Date of Service



- c. Original AHCCCS Claim Number
- d. Date of Payment
- e. Amount Paid
- f. Amount Advanced
- g. Balance Due to/from the Provider

B. INDIVIDUAL AND CUMULATIVE PROVIDER LOANS

The Contractor shall submit written notification to the assigned AHCCCS Operations and Compliance Officer of any individual or cumulative loan equal to or in excess of \$50,000 per provider Tax Identification Number (TIN) within a contract year. Approval must be requested at least 10 days prior to disbursement of the funds. In extenuating circumstances, AHCCCS may waive the 10 day notification requirement. All requests for approval must be in the format detailed below:

1. A detailed letter of explanation must be submitted that describes:
 - a. The provider(s) name(s) and AHCCCS Identification Number(s);
 - b. The date the provider and Contractor initiated discussions relating to the need for the loan;
 - c. The systemic organizational causes resulting in the need for a loan;
 - d. The process that will be utilized to reconcile the funds against claims payments;
 - e. The anticipated timeline for the project;
 - f. The corrective action(s) that will be implemented to avoid future occurrences; and,
 - g. The total loan amount, and if applicable, the percentage that the advance amount is of total estimated amount that should have been paid, and range of dates (month/year) for the impacted claims.
2. A copy of the written communication that will serve as notification to the affected provider(s).
3. Upon completion of the loan(s), AHCCCS may request that the Contractor make available within three working days a listing of the payments to be loaned, organized by provider Tax Identification Number if multiple providers are affected, that includes the following:
 - a. AHCCCS Member ID
 - b. Date of Service
 - c. Original AHCCCS Claim Number
 - d. Date of Payment
 - e. Amount Paid
 - f. Amount Loaned
 - g. Balance Due to/from the Provider

**C. ROUTINE/SCHEDULED ADVANCES TO PROVIDER AND ANY ADVANCES TO AFFILIATES**

Routine/scheduled advances to providers as a result of contractual arrangements or **any** advance to an affiliate must be submitted to AHCCCS for prior approval. The request for approval must be submitted 30 days in advance of the effective date of the contractual arrangement or advance, and 30 days prior to any amendment to a contractual arrangement.

AHCCCS may request additional information or periodic reconciliations related to these advances.

D. AHCCCS RESPONSIBILITY AND AUTHORITY

AHCCCS reserves the right to evaluate and present the proposed advance with the affected providers(s) as part of the approval and/or notification process. Communication will be at the timing and discretion of AHCCCS.

The AHCCCS Division of Health Care Management (DHCM) will evaluate all advance and loan requests for appropriateness and to resolve any future occurrences with accurate and timely claims payment. DHCM will acknowledge all requests in writing through electronic mail upon receipt of the completed file. A written determination will be sent to the Contractor by electronic mail contingent upon receipt of all required information from the Contractor.

IV. REFERENCES

- Acute Care Contract Section D
- ALTCS/EPD Contract, Section D
- CMDP Contract, Section D
- CRS Contract, Section D
- DES/DDD Contract, Section D
- A.R.S. §36-2901